

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	:	CRIMINAL NO. _____
v.	:	DATE FILED: _____
BEF CORP.	:	VIOLATIONS:
	:	50 U.S.C. § 1705(b) and 31 C.F.R. §
	:	560.204 (exportation of goods from the
	:	United States to Iran - 1 count)
	:	18 U.S.C. § 1001 (false statement or entry
	:	- 12 counts)
	:	18 U.S.C. § 2 (causing an act to be done)

INFORMATION

COUNT ONE

(Exportation of goods from United States to Iran)

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times material to this indictment:

1. The Office of Foreign Assets Control ("OFAC") of the United States Treasury Department administers economic embargoes and sanctions programs against certain foreign countries, governments, and groups to advance United States foreign policy and national security objectives. In performing this function, OFAC relies in part on the broad authority granted to the President under the International Emergency Economic Powers Act ("IEEPA"), Title 50, United States Code, Sections 1701-1705.

2. The President invokes authority contained in IEEPA by declaring a national emergency with respect to an extraordinary and unusual threat arising from outside the United States to the national security, foreign policy, or economy of the United States.

3. Once invoked, IEEPA grants the President broad powers to deal with the threat. Presidential emergency declarations are usually contained in an Executive order which also describes the sanctions and typically delegates authority to the Secretary of the Treasury, in consultation with the Department of State, to issue rules and regulations to enforce the prohibitions contained in the order.

4. In 1995, as a result of Iranian sponsorship of international terrorism and Iran's active pursuit of weapons of mass destruction, President Clinton issued two Executive orders. Executive Order 12957, issued on March 15, 1995, prohibited U.S. persons from entering into contracts for the financing or the overall management or supervision of the development of petroleum resources located in Iran or over which Iran claims jurisdiction. Executive Order 12959, issued on May 6, 1995, substantially broadened the 1987 sanctions. The Executive Order of May 6 imposed prohibitions on the exportation of United States' goods, technology, and services to Iran, new investment in Iran, the re-exportation of certain goods, technology and services to Iran, the brokering or trading in goods or services of Iranian origin, and the facilitation of certain Iran-related trade or investment. This effectively ended U.S. commercial activity with respect to Iran.

5. On August 19, 1997, President Clinton signed Executive Order 13059 to clarify the earlier orders and to confirm the prohibition on trade and investment activities with respect to Iran by United States' persons, wherever located.

THE DEFENDANT

6. Defendant BEF CORP. ("BEF") is a Pennsylvania corporation headquartered at 1670 Race Street Allentown, Pennsylvania. Founded in 1982 and incorporated

in 1986, defendant BEF buys used one-hour photo processing equipment, refurbishes it, and sells it throughout the world.

7. Defendant BEF commissioned a number of freight forwarding companies to ship its products internationally. Defendant BEF provided information to these companies regarding the ultimate destination and the fair market value of its goods so that the freight forwarding companies could fill out required export forms.

THE IEEPA VIOLATION

8. On or about June 11, 2001, in Allentown, in the Eastern District of Pennsylvania, defendant

BEF CORP.

willfully exported goods from the United States to Iran, and exported goods to a person in a third country undertaken with knowledge or reason to know that such goods were intended for transshipment to Iran, in that, BEF CORP. knowingly shipped reconditioned photo finishing equipment to SK in Dubai, knowing that SK intended to tranship the equipment to Iran.

In violation of Title 50, United States Code, Section 1705(b), 31 C.F.R. § 560.204, and Executive Orders 12959 and 13059.

COUNTS TWO THROUGH ELEVEN

(False Shippers Export Declarations)

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

At all times material to this indictment:

1. Paragraphs 6 and 7 of Count One are incorporated here.
2. United States Customs, Commerce and Census regulations require exporters to prepare and submit Shippers Export Declaration forms (SEDs) to the United States government. SEDs report the type, amount, value, and destination of goods exported from the United States, and are used by the Commerce Department and the Census Bureau to calculate the nation's balance of trade and to monitor compliance with trade agreements.
3. Defendant BEF hired shippers to transport its photo labs to foreign customers.
4. The shippers prepared the required SEDs on behalf of BEF in keeping with export practices.
5. The shippers relied upon information contained in BEF's invoices to prepare the required SEDs.
6. Employees of defendant BEF prepared one invoice for payments owed by customers, and then prepared a second invoice for international customers upon request. The second invoices understated the value of defendant BEF's products as set forth in the original and true invoice. Some international customers submitted the second invoices to their governments to avoid import duties on the full value of defendant BEF's products. Employees of defendant BEF called the second invoices "customs invoices."

7. Defendant BEF gave the "customs invoices" to its shippers knowing that the shippers would use the "customs invoices" to prepare the required SEDs. This caused the shippers to submit false SEDs to the United States Customs and Census Bureaus. The false SEDs understated the value of defendant BEF's exports by approximately 50% on average.

8. On or about the dates set forth below, in the Eastern District of Pennsylvania, defendant

BEF CORP.

knowingly and willfully made, and caused to be made, materially false, fictitious, and fraudulent statements and representations in a matter within the jurisdiction of the United States Department of Homeland Security, the United States Commerce Department, and the United States Census Bureau, departments of the executive branch of the United States, in that, defendant BEF CORP. submitted false invoices which understated the value of its products, and caused its shippers to prepare and submit false Shippers Export Declarations, as follows:

<u>Count</u>	<u>Date</u>	<u>Description</u>
2	1/1/2001	Declaration by shipper on behalf of defendant BEF that product exported pursuant to BEF Invoice 1887 had a value of \$6,000 when in fact the value as represented on BEF's invoice to its customer was \$14,443.50.
3	4/21/2000	Declaration by shipper on behalf of defendant BEF that product exported pursuant to BEF Invoice 1475 had a value of \$10,500 when in fact the value as represented on BEF's invoice to its customer was \$17,500.
4	3/20/2001	Declaration by shipper on behalf of defendant BEF that product exported pursuant to BEF Invoice 2042 had a value of \$5,000 when in fact the value as represented on BEF's invoice to its customer was \$12,000.

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| 5 | 4/2/2001 | Declaration by shipper on behalf of defendant BEF that product exported pursuant to BEF Invoice 1384 value of \$13,000 when the value as represented on BEF's invoice to its customer was \$34,421. |
| 6 | 4/22/2001 | Declaration by shipper on behalf of defendant BEF that product exported pursuant to BEF Invoice 1837 had a value of \$4,500 when in fact the value as represented on BEF's invoice to its customer was \$9,300. |
| 7 | 8/8/2001 | Declaration by shipper on behalf of defendant BEF that product exported pursuant to BEF Invoice 2296 had a value of \$4,000 when in fact the value was at least \$8,000. |
| 8 | 10/18/2001 | Declaration by shipper on behalf of defendant BEF that product exported pursuant to BEF Invoice 2508 had a value of \$14,000 when in fact the value as represented on BEF's invoice to its customer was \$15,000. |
| 9 | 3/1/2002 | Declaration by shipper on behalf of defendant BEF that product exported pursuant to BEF Invoice 2515 had a value of \$10,000 when in fact the value as represented on BEF's invoice to its customer was \$18,335. |
| 10 | 4/27/2002 | Declaration by shipper on behalf of defendant BEF that product exported pursuant to BEF Invoice 2427 had a value of \$16,000 when in fact the value as represented on BEF's invoice to its customer was \$26,625. |
| 11 | 6/22/2002 | Declaration by shipper on behalf of defendant BEF that product exported pursuant to BEF Invoice 2665 had a value of \$5,600 when in fact the value as represented on BEF's invoice to its customer was \$7,500. |

In violation of Title 18, United States Code, Sections 1001 and 2.

A TRUE BILL:

PATRICK L. MEEHAN
United States Attorney

